

## Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 07976 111700Z  
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 /023 W  
-----099074 120239Z /61  
R 111627Z AUG 77  
FM AMEMBASSY CARACAS  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 8743

LIMITED OFFICIAL USE CARACAS 7976

PASS TO OED/MEPD AND OIM

E.O. 11652: NA  
TAGS: BAGB, BENC, VE  
SUBJECT: MAJOR PROJECT: BIO-PROTEIN PLANT

REF: 76 CARACAS 4358

1. THE BIO-PROTEIN PLANT REPORTED IN REFTEL HAS BEEN POST-PONED INDEFINITELY AS A RESULT F THE DECISION BY THE BRITISH PETROLEUM COMPANY NOT REPEAT NOT TO SUBSCRIBE 20 PERCENT OF THE APPROXIMATELY BS 1,000 MILLION (\$233 MILLION) CAPITAL INVESTMENT NOW ESTIMATED FOR THE PROJECT.

2. DR. AREVALO G. REYES, DIRECTOR GENERAL OF HYDROCARBONS AT THE MINISTRY OF ENERGY AND MINES AND PROJECT MANAGER OF THE BIO-PROTEIN PLANT, INFORMED EMBOFF THAT APPROXIMATELY BS 28 MILLION (\$6.5 MILLION) HAS BEEN SPENTY BY BIO PROTEINAS DE VENEZUELA, C.A. (SEE PARA 2 OF REFTEL FOR MORE DETAILS) FOR ENGINEERING DESIGN WORK ASSOCIATED WITH THE PROJECT. DESIGN WORK ON THE BIO PROTEINS PLANT WAS BEING DONE BY THE U.S. FIRM SUN-FOSTER (PHON.) WHILE TECHNI-PETROL (ITALY) WAS DOING THE DESIGN WORK ON THE RELATED N-PARAFFIN PLANT. DR. REYES SAID THAT THE GOV IS STILL INTERESTED IN THIS PROJECT AND WOULD WELCOME INFORMATION FROM U.S.

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FIRMS HAVING TECHNOLOGICAL EXPERTISE IN THIS AREA AND WHICH WOULD BE WILLING TO ASSUME A 20 PERCENT EQUITY POSITION IN THE PROJECT. INTERESTED FIRMS SHOULD CONTACT DR. REYES AT THE MINISTRY OF ENERGY AND MINES; TORRE NORTE, PISO 29; CENTRO SIMON BOLIVAR; EL SILENCIO, CARACAS, VENEZUELA.

3. COMMENT: BEGIN LOU: THE BP DECISION NOT TO CONTRIBUTE  
THE REQUIRED 20 PERCENT OF THE EQUITY FOR THE PROJECT  
WAS APPARENTLY DETERMINED BY THE JUMP IN ESTIMATED  
CAPITAL COSTS FROM BS 600 MILLION (\$139 MILLION) IN  
EARLY 1976 TO THE PRESENT ESTIMATE OF BS 1,000 MILLION;  
THE MODEST RETURN-ON-INVESTMENT OF 13 PERCENT SET BY  
THE GOV, AND, TO A LESSER EXTENT, CONTINUED UNCERTAINTY  
ABOUT PETROLEUM-RELATED INVESTMENT IN VENEZUELA FOLLOWING  
THE NATIONALIZATION OF THE INDUSTRY. END LIMITED OFFICIAL USE.  
VAKY

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NNN

## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009